

Appendix B

State of California AIR RESOURCES BOARD

**Resolution 00-38
December 7, 2000**

Agenda Item No.: 00-11-2

WHEREAS, the California State Implementation Plan (SIP) for ozone, adopted by the Air Resources Board (ARB or Board) in November 1994, establishes the state strategy for attaining the ambient air quality standard for ozone in all areas of the state by 2010 as required by federal law; this plan includes, as part of the mobile source element developed by the ARB, the California Low-Emission Vehicle (LEV) program, which was approved by the Board in 1990 to provide significant reductions of ozone precursor pollutant emissions from passenger cars and light-duty trucks;

WHEREAS, the California LEV program includes a zero-emission vehicle (ZEV) element under which at least 10 percent of the passenger cars and the lightest light-duty trucks produced by a large or intermediate-volume manufacturer and delivered for sale in California must be ZEVs, beginning in model year 2003;

WHEREAS, with respect to the environment, ZEVs are the "gold standard" for vehicular air pollution control as they reduce both criteria and toxic pollutant emissions to the maximum feasible levels; high-efficiency ZEVs and hybrid electric near-ZEVs also cut emissions of carbon dioxide and other greenhouse gases;

WHEREAS, for the September 2000 ZEV program biennial review, the staff evaluated vehicle technologies and concluded that there is no technological barrier to building battery powered ZEVs but issues of cost and consumer acceptance remain;

WHEREAS, in Resolution 00-29, the Board found the ZEV program to be an essential component of the State's long-term air quality strategy and resolved that the basic ZEV requirements be retained and implemented in California;

WHEREAS, the Board directed the staff to develop and propose regulatory modifications and other steps that address the challenges associated with the successful long-term implementation of the ZEV program - in particular the need for product availability and market stability, the need to greatly enhance public awareness and education of the attributes and benefits of ZEV technologies, and the need to reduce or mitigate the high initial costs of vehicles and batteries in low-volume production - and that result in a sustainable market for ZEVs;

WHEREAS, staff is scheduled to present such proposed regulatory modifications and staff's plan for non-regulatory steps to address public awareness and education, incentives and charging at the Board's January 2001 public meeting;

WHEREAS, Assembly Bill (AB) 2061, introduced by Assembly Member Lowenthal and signed into law by Governor Davis on September 30, 2000, added chapter 8.6 (commencing with section 44260) to part 5 of division 26 of the Health and Safety Code creating a zero emission vehicle incentive program, providing \$18 million for grants, up to \$9,000 per eligible ZEV;

WHEREAS, the Board, in conjunction with the State Energy Resources Conservation and Development Commission (CEC or Energy Commission), is to develop and administer a program to provide grants to individuals, local governments, state agencies, nonprofit organizations, and private businesses to encourage the purchase or lease of a new zero emission vehicle;

WHEREAS, the maximum grant for any qualified recipient shall be an amount equal to 90 percent of the incremental cost above one thousand dollars (\$1,000) of a new zero-emission light-duty car or truck eligible for the program;

WHEREAS, in order to be eligible to receive a grant, a ZEV shall meet all the following criteria: (a) be purchased on or leased on or after October 1, 2000, and on or before December 31, 2002, (b) be registered with the Department of Motor Vehicles for use in this state, (c) meet all applicable federal and state safety standards, or, if the vehicle is to be utilized solely for a demonstration program, have receive the applicable waivers from the National Highway Traffic Safety Administration, (d) be capable of operation on a freeway, and (e) any other criteria established by the Board;

WHEREAS, the program may be administered on a voluntary basis by a local air quality management district or air pollution control district (local air district) within its own jurisdiction, provided that the district administers the program based upon guidelines developed by the Board in conjunction with the Energy Commission;

WHEREAS, staff has prepared for the Board's consideration proposed guidelines for a zero emission vehicle incentive program pursuant to AB 2061; and

WHEREAS, coordination with ZEV buy-down and grant programs and infrastructure programs currently available in several areas of the state will provide consumers statewide with consistent and seamless access to available ZEV incentives.

WHEREAS, the Board has held a duly noticed public meeting to consider approval of guidelines for a Zero Emission Vehicle Incentive Program and has heard and considered the comments made by representatives of state agencies, local government, vehicle manufacturers and dealers, fleet administrators, ZEV proponents and other interested persons and agencies.

NOW, THEREFORE, BE IT RESOLVED that the Board finds that AB 2061 creates a significant and timely ZEV incentive program, providing \$18 million in grants for 2,000 or more ZEVs during a period when manufacturers are not required to make ZEVs available.

BE IT FURTHER RESOLVED that in order to be eligible to receive a grant, a ZEV shall be an ARB certified zero emission passenger car or zero emission light-duty truck.

BE IT FURTHER RESOLVED that the qualified recipient shall have the option of assigning the grant to the vehicle lessor in order to receive an up front reduction in the vehicle lease price.

BE IT FURTHER RESOLVED that the grants shall be made available statewide on a first-come-first-served basis, to the extent practicable.

BE IT FURTHER RESOLVED that the Board hereby approves the Proposed Guidelines for the Zero Emission Vehicle Incentive Program Pursuant Health and Safety Code Sections 44260-44265, as set forth in Attachment A to this resolution and as modified to incorporate changes proposed by staff in Attachment B to this resolution.

BE IT FURTHER RESOLVED that the Board directs staff to administer the program statewide in accordance with the guidelines.

BE IT FURTHER RESOLVED that, where a local air district has volunteered to administer the program in its own jurisdiction, the Board directs staff to work with the local air district to ensure that the program is implemented in accordance with the guidelines and to develop a mechanism for the transfer of grant funds; staff is directed to coordinate with the local air district to ensure

that the locally-administered program and the statewide, ARB-administered program are consistent and seamless to the consumer.

BE IT FURTHER RESOLVED that the Board directs staff to coordinate with the program managers of other ZEV and infrastructure programs to ensure that the consumer is aware of all the available incentives.

I hereby certify that the above is a true and correct copy of Resolution 00-38, as adopted by the Air Resources Board.

(Original Signed By)

Marie Kavan, Clerk of the Board
Resolution 00-38

December 7, 2000

Identification of Attachments to the Resolution

Attachment A: Proposed Guidelines for the Zero Emission Vehicle Incentive Program
Pursuant Health and Safety Code Sections 44260-44265

Attachment B: Staff's Recommended Modifications to the Proposed Guidelines for a
Zero Emission Vehicle Incentive Program

ATTACHMENT A:

**Proposed Guidelines for a
Zero Emission Vehicle Incentive Program
Pursuant to Health and Safety Code Sections 44260-44265
(AB 2061, Statutes of 2000, Chapter 1072 Lowenthal)**

With Public Notices

Note:

The documents identified as Attachment A are not provided here.

***Copies of these documents may be obtained by contacting
Ms. Lisa Kasper, Program Manager, Statewide Fleet ZEV Incentive Program at
(916) 327-2932 or via email at lkasper@arb.ca.gov.***

***These documents may also be obtained from the Internet at
<http://www.arb.ca.gov/msprog/zevprog/zip/zip.htm>***

ATTACHMENT B:

Staff's Recommended Modifications to the Proposed Guidelines for a Zero Emission Vehicle Incentive Program

Suggested Modification: There was ambiguity regarding who is entitled to the incentive in a lease transaction where the leasing company is not the zero emission vehicle (ZEV) manufacturer, but a private leasing company that purchases ZEVs for the purpose of leasing vehicles to a fleet or individual consumer.

To address this issue, language will be added to make it clear that the incentive shall go to the entity that pays for the registration of the vehicle.

Suggested Modification: In Section III Vehicle Eligibility, B. Criteria for Vehicle Eligibility it reads, "AB 2061 specifies that this program will provide the maximum allowable grant to any qualified recipient for the purchase or lease of a new zero emission light-duty car or truck eligible for the program."

To more accurately reflect the language in the bill, this sentence will be replaced with, "The maximum allowable grant for any qualified recipient, as determined by the state board, shall be an amount equal to 90 percent of the incremental cost above one thousand dollars (\$1,000) of a new zero-emission light-duty car or truck eligible for the program."

Suggested Modification: Add to paragraph one in Section III Vehicle Eligibility, Part B. Criteria for Vehicle Eligibility, the following sentence:

As a matter of policy, vehicles that are required by ARB's Memoranda of Agreement (MOA) with the automakers, are ineligible for incentives through this program.

Suggested Modification: There is a sentence on the back of the Assignment form that provides tax advice. Since the ARB cannot give tax advice, the sentence "The participating lessor will then be responsible for any tax consequences associated with the grant incentive" will be replaced with "This grant may be taxable, so please contact your tax professional or the IRS for additional information."

Suggested Modification: The Ford Think City EV will be added to the list of eligible vehicles in Appendix C of the guidelines.

Suggested Modification: Addition of clarifying language and correction of typos.